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March 7, 2001

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Magalie Roman Salas
Office of the Secretary
Federal Communications Commission
445 12th Street, S. W.
Suite TW-A325
Washington, DC 20554

In the Matter of: Number Resource
Optimization Petition for Declaratory
Ruling and Request for Expedited
Action on the July 15, 1997 Order of
the Pennsylvania Public Utility
Commission Regarding Area Codes
412, 610, 215 and 717
CC Docket No. 99-200
CC Docket No. 96-97

96-98

Dear Ms. Salas:

Enclosed please find an original and four copies of Reply Comments of the National Association of State Utility Consumer Advocates to the Second Further Notice of Proposed Rulemaking in the above-referenced matter. Please also note that these Comments have been filed with the Commission electronically.

Please indicate your receipt of this filing on the additional copy provided and return it to the undersigned in the enclosed self-addressed, postage prepaid, envelope. Thank you.

Sincerely yours,

Philip F. McClelland

Senior Assistant Consumer Advocate

Enclosure

cc: International Transcription Services, Inc.

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March 7, 2001

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**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION**

MAR - 8 2001

In the matter of

:

Numbering Resource Optimization

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Docket No. 99-200

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**Petition for Declaratory Ruling and Request
For Expedited Action on the July 15, 1997
Order of the Pennsylvania Public Utility
Commission Regarding Area Codes 412,
610, 215 and 717**

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Docket No. 96-97

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96-98

**REPLY COMMENTS OF THE
NATIONAL ASSOCIATION OF STATE UTILITY CONSUMER ADVOCATES
TO THE SECOND FURTHER NOTICE OF PROPOSED RULEMAKING
IN CC DOCKET NO. 99-200**

I. INTRODUCTION

On February 14, 2001, the National Association of State Utility Consumer Advocates ("NASUCA") filed Comments in the above referenced docket pursuant to the Second Report and Order, Order on Reconsideration and Second Further Notice of Proposed Rulemaking ("Second Report and Order") released by the Federal Communications Commission ("FCC") on December 29, 2000. The Second Report and Order represented the FCC's latest action in the efforts to address number resource optimization and reduce the proliferation of area codes. In the Second Report and Order, the FCC continues to develop, adopt and implement a number of strategies to ensure that the numbering resources of the North American Numbering Plan ("NANP") are used efficiently and that all carriers have the numbering resources they need to compete in the rapidly expanding telecommunications marketplace.¹

¹ Second Report and Order, at ¶1.

As indicated in its initial Comments, NASUCA is an association of 42 consumer advocate offices in 39 states and the District of Columbia and includes members designated by the laws of their respective states to represent the interests of utility consumers before state and federal regulators in the courts. NASUCA has been actively advocating consumer interests in the matter of number resource optimization at many levels and many individual members of NASUCA have also advocated consumer interests in their respective state numbering proceedings. NASUCA filed its Comments to encourage the FCC to eliminate its prohibition on service-specific and technology-specific overlays, to continue to encourage states to implement rate center consolidation where appropriate, to establish a conservation minded set of reserve numbering guidelines, to strictly enforce all number conservation rules, to grant state commissions the authority to conduct audits and to ensure that consumers will not see an increase in their telephone bill as a result of the implementation of number conservation measures.

NASUCA has reviewed the initial Comments of various parties who submitted such Comments on February 14, 2001 and offers the following response by way of this Reply Comment.² In particular, NASUCA submits that carriers should implement rate center consolidation in a manner that does not cause consumers' local telephone bills to increase. State Commissions should be able to analyze rate center consolidation and implement it in a manner that best suits their individual states needs. Such rate center consolidation should also not interfere with the FCC's other important regulatory objectives such as universal service and prohibitions of regional Bell operating

² NASUCA's failure to address in these Reply Comments any specific comment provided by any party at this proceeding does not constitute NASUCA's agreement with such comment.

companies (“RBOCs”) to provide interLATA service pursuant to Section 271 of the Telecommunications Act of 1996.³

In support of these Reply Comments, NASUCA submits as follows:

II. REPLY COMMENTS

A. Introduction.

In its Comments, NASUCA submitted that rate center consolidation could help eliminate the need to expand the NANP and would provide a long-term solution to the nation’s numbering crisis if done in an appropriate manner.⁴ NASUCA appreciated the FCC’s recognition that rate center consolidation is a state issue and the FCC, therefore, could only encourage states, and not require states, to consolidate rate centers.⁵ Furthermore, NASUCA stated that, if rate center consolidation is performed, it must be done without jeopardizing the functioning of other telecommunications policy goals and without increases to the consumers’ local telephone bills.⁶ Furthermore, NASUCA recognized that rate center consolidation has financial implications on incumbent local exchange carriers (“ILECs”) and that rate centers remain essential for call routing purposes.⁷ In light of all of these issues, NASUCA advocated that state Commissions should recognize the potential benefits of rate center consolidation and take action now to examine whether rate center consolidation can be implemented in an effective form in their state.⁸

³ 47 U.S.C. §271. NASUCA recognizes that some RBOCs have recently received authority to provide such interLATA service.

⁴ NASUCA at 14.

⁵ Id. at 16.

⁶ Id.

⁷ Id. at 20.

⁸ Id. at 19.

B. Rate Center Consolidation Should Be Implemented In An Appropriate Manner That Does Not Conflict With The Goals Of Universal Service And Certain Prohibitions Against InterLATA Traffic.

1. *Introduction*

NASUCA files these Reply Comments in order to respond to the Comments of the California Public Utilities Commission, support many of principles set forth therein, and further elaborate upon such concerns. In particular, NASUCA submits that rate center consolidation should be implemented in a way that would not conflict with other important policies, e.g. universal service and certain prohibitions on interLATA service. NASUCA is concerned that in some forms – allowing numbers to be used over a very wide area, i.e. “geographic portability” – such a policy may interfere with universal service and interLATA restrictions. NASUCA continues to support rate center consolidation as a way to effectively conserve telephone numbers. NASUCA also recognizes that some forms of rate center consolidation may conflict with universal service and interLATA restrictions, such as maintaining affordable local service rates and providing rating information so as to effectively prohibit interLATA service.

2. *Rate Center Consolidation should be implemented in a manner consistent with other Federal Communications Commission public policy objectives, i.e. universal service and Section 271 restrictions.*

NASUCA submits that rate center consolidation should be implemented in a manner so that it does not conflict with other public policy objectives of the FCC. In particular, rate center consolidation should not be implemented in such a manner that it would interfere with the current prohibition on RBOCs providing interLATA services pursuant to Section 271 and the FCC’s goals of offering universal service to all consumers.

The use of telephone numbers for rating and routing purposes allows various objectives to be met. The policy of locating and assigning a set of telephone numbers in certain geographic areas makes it possible to offer a restricted level of calling, local telephone service, at low cost rates and to effectuate the prohibition against interLATA service.⁹

NASUCA is concerned that in its most extreme form, rate center consolidation could create the inability to prohibit the routing or rating of calls outside of a particular area.¹⁰ The FCC has adopted a set of universal service policies that provide support for a core set of services including usage limited to within the local calling scope. By limiting support to local usage, the universal service mechanism ensures that all consumers will have a basic service package of essential services available at an affordable price. Expanding through rate center consolidation the scope of calls covered by basic local rates and universal service support, will jeopardize the availability of a low cost basic service option and unnecessarily expand universal service funding requirements.

NASUCA is also concerned that rate center consolidation should be implemented in a manner that would not be inconsistent with other important policy goals such as universal service and the prohibition against RBOCs providing interLATA service. Rate center consolidation remains an effective method of solving the excessive use of telephone numbers. Nonetheless, other important policy goals must also be considered as well. As indicated above, there are many factors that need to be analyzed

⁹ NASUCA submits that, while the Section 271 interLATA prohibition remains in effect, the numbering administration must continue to support restrictions against interLATA calling.

¹⁰ NASUCA also notes that WorldCom has suggested in its Comments the use of transparent telephone numbers.

when considering how to implement rate center consolidation so as to not increase consumers' local phone bills or make it more difficult to restrict against interLATA calling.

3. *NASUCA shares the concerns of the California Commission that rate center consolidation may increase local rates.*

The CaPUC Comments discussed “the rate center problem.”¹¹ More specifically, the CaPUC stated that, “at the root of what the FCC terms the ‘rate center problem’ is the ‘historic connection’ between rate centers, and the rating (or billing for) and routing of telephone traffic.”¹² The CaPUC further stated that, in response to a request for the industry to look at rate center consolidation, the carriers responded with a letter indicating that issues pertaining to associated revenue and customer impacts must be resolved before the industry would propose such a plan.¹³ The CaPUC also noted that the California Public Utilities Code requires the CaPUC to “consider” rate center consolidation.¹⁴

The CaPUC explained that the implementation of rate center consolidation might result in an increase in basic monthly local exchange rates to compensate for the ILEC's lost toll revenues.¹⁵ The CaPUC called this “truly ironic” if the introduction of competition and the concomitant increased demand for numbering resources produced a 40% increase in California's basic monthly rates, when clearly one of the desired outcomes of increased competition is lower rates.”¹⁶ Finally, the CaPUC suggested that the FCC sponsor a workshop to sever the connection between rate centers, and the rating

¹¹ CaPUC at 5-8.

¹² Id. at 6.

¹³ Id.

¹⁴ Id., quoting, Ca. Public Utilities Code §7935(a).

¹⁵ Id. at 7.

¹⁶ Id.

and routing of telephone traffic given the complexity of the issues and the FCC's avid interest.¹⁷

NASUCA supports the CaPUC comments regarding rate center consolidation. As noted above, NASUCA is concerned with the possibility that rate center consolidation could be used to increase local service rates. NASUCA recognizes that most rate center consolidation efforts may result in a loss of some intraLATA toll revenues for ILECs. NASUCA shares the concern of the CaPUC that rate center consolidation may result in a loss of toll revenues and some loss of routing intelligence as rate centers inevitably grow in size.

With regard to the loss of interLATA toll revenues, NASUCA submits that the corresponding cost savings that rate center consolidation and other numbering resource optimization measures must also be considered in any loss of revenue analysis. In particular, the FCC has recognized that the cost of NANP expansion is anticipated to be as high as \$150 billion.¹⁸ More specifically, NASUCA has provided evidence in its Comments in this proceeding that the cost of implementing a new area code has been estimated at \$8.5 million for each overlay and \$11.5 million for each geographic split.¹⁹ NASUCA submits that even a modest delay of NANP expansion or the implementation of a new area code would offset the costs associated with implementing rate center consolidation.

¹⁷ Id.

¹⁸ See, Number Resource Optimization, Notice of Proposed Rulemaking, 14 FCC Rcd 10322 (released June 2, 1999)(“First Report and Order”) at ¶6.

¹⁹ NASUCA Comments at 39, citing, Comments of Verizon Pennsylvania, Inc., Docket No. P-00961071F0002 (Pa.P.U.C.)(filed October 30, 2000) at 6.

This same cost savings effect is also evident when analyzing thousands-block pooling. NASUCA has provided evidence that thousands-block pooling, the primary number conservation method implemented by the FCC at this point, will also be a tremendous cost saver.²⁰ In particular, NASUCA also provided that the estimates of implementing thousands-block pooling have been placed at \$775,000 per area code.²¹ Therefore, NASUCA determined that the industry will in fact realize tremendous savings for each area code where thousands-block pooling is implemented and that by implementing thousands-block pooling, the FCC will be reducing carrier costs substantially – not increasing costs.²² NASUCA submits here that a similar result will arise with the appropriate implementation of rate center consolidation.

Therefore, NASUCA submits that the cost and revenue effects associated with implementing rate center consolidation should be offset by the costs associated with continued area code proliferation and the impending exhaust of the NANP. When considered in this light, these losses are far outweighed by the costs of not implementing rate center consolidation. Furthermore, even if ILECs should lose intraLATA toll revenues as a result of implementing rate center consolidation, consumers' local telephone bills should not increase accordingly. NASUCA submits that any increase in consumers' local telephone bills as a result of implementing rate center consolidation or any other number conservation measure should be disallowed and any possible costs of implementing rate center consolidation should not prohibit the implementation of this number resource optimization tool that can be valuable in certain states.

²⁰ Id. at 39-40.

²¹ Id., citing, Comments of Verizon Pennsylvania, Inc., Docket No. M-00001427 (Pa.P.U.C.)(filed November 17, 2000) at 10.

²² Id.

C. Conclusion

NASUCA submits that rate center consolidation is a valuable numbering resource optimization method and appreciates the FCC's encouragement to the states for their consideration of rate center consolidation. NASUCA submits that rate center consolidation must be implemented so as to ensure that its benefits outweigh its costs. In particular, rate center consolidation should be implemented in such a manner so that it does not cause consumers to incur an increase to their local telephone bills and so that the other regulatory objectives of the FCC are not jeopardized. These issues, while important, should not prohibit the implementation of rate center consolidation. As such, NASUCA supports the implementation of an FCC-sponsored workshop to address these issues and ensure that rate center consolidation is used appropriately.

III. CONCLUSION

WHEREFORE, the National Association of State Utility Consumer Advocates respectfully requests that this Honorable Commission consider these Reply Comments as it further acts on this important issue of number conservation at this docket.

Respectfully submitted,



Philip F. McClelland
Senior Assistant Consumer Advocate
Joel H. Cheskis
Assistant Consumer Advocate

For: The National Association for State Utility
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Date: March 7, 2001

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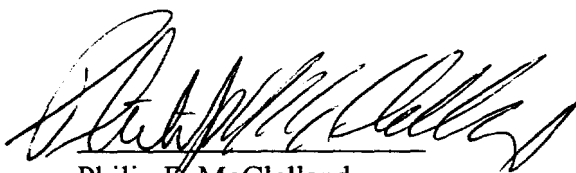
BEFORE THE
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In the matter of	:	
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Petition for Declaratory Ruling and Request	:	CC Docket No. 96-97
For Expedited Action on the July 15, 1997	:	
Order of the Pennsylvania Public Utility	:	
Commission Regarding Area Codes 412,	:	
610, 215 and 717	:	

I hereby certify that I have this day served a true copy of the foregoing document,
Reply Comments of the National Association of State Utility Consumer Advocates to the
Second Further Notice of Proposed Rulemaking, upon parties of record in this proceeding.

Dated this 7th day of March, 2001.

Respectfully submitted,



Philip F. McClelland
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